

THE AUSTRALIAN

Funding play Garda Capital set for listing

BEN WILMOT THE AUSTRALIAN 12:00AM JUNE 13, 2016

Brisbane-based Garda Capital Group, which manages a listed real estate investment trust and has a growing property debt operation, will float on the Australian Securities Exchange as it looks to capitalise on the credit squeeze imposed on the property sector.

The group, run as a property funds management business since 2000, at one point handled a \$500 million property empire, but pared back after the global financial crisis, although last year it floated the Garda Diversified Property Fund.

That \$170m fund is gaining market acceptance and in 2014, Garda Capital bought a real estate debt advisory business from its managing director, Matthew Madsen.

“There is a credit squeeze on at the minute,” Mr Madsen said. This created opportunities for Garda to provide advice on securing debt in the more stringent environment and also opened the way to investment in more debt deals.

“It provides a gap in the capital funding stack and that provides an opportunity for people to invest,” Mr Madsen said of the tighter environment.

Garda acts as an intermediary and also takes small junior debt positions in some commercial property loans that it arranges.

Mr Madsen noted the company had no balance sheet exposure to high-density residential projects, which have been hit hard by bank clampdowns. “Land subdivision is busy, as is commercial property investment,” he said.

The float, effectively a recapitalisation of the funds manager, is being handled by Morgans and will see \$16m raised, giving the company a market capitalisation of \$24m.

The group is chaired by David Usasz, who recently retired as a non-executive director of Cromwell Group after also having a stint on the board of funds manager Queensland Investment Corporation.